

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Township of West Branch	County Dickinson
Fiscal Year End 6/30/05	Opinion Date 12/19/05	Date Audit Report Submitted to State 4/5/06	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

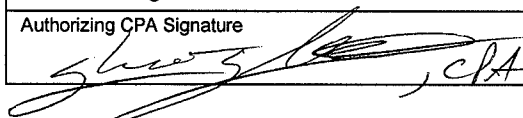
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES NO Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>	NA	
Other (Describe)	<input checked="" type="checkbox"/>	NA	
Certified Public Accountant (Firm Name) Anderson, Tackman & Co., PLC		Telephone Number 906-774-4300	
Street Address 201 E. Hughitt Street		City Iron Mountain	State MI
Zip 49801			
Authorizing CPA Signature 	Printed Name Shane M. Ellison, CPA	License Number 263063	

TOWNSHIP OF WEST BRANCH
AUDITED FINANCIAL STATEMENTS AND
SUPPLEMENTAL FINANCIAL INFORMATION

June 30, 2005

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ANDERSON, TACKMAN & COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

A Regional Firm with Offices in Michigan and Wisconsin

Principals - Iron Mountain:

L. Robert Schaut, CPA
David J. Johnson, CPA
Shane M. Ellison, CPA

Member of:

Private Companies Practice Section
American Institute of Certified
Public Accountants

INDEPENDENT AUDITORS' REPORT

Township Board
Township of West Branch
Ralph, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of West Branch, Michigan as of and for the year ended June 30, 2005, which collectively comprise the Township's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note D to the financial statements, records were not available to support the cost of certain general infrastructure and capital assets, and, accordingly, did not have records supporting its depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that those general infrastructure and capital assets be capitalized and depreciated, which would increase or decrease the assets, net assets, and expenses of the governmental activities. The amount by which this departure would affect the assets, net assets, and expenses of the governmental activities is not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities of the Township of West Branch, Michigan as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 19, 2005 on our consideration of the Township of West Branch's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing; not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Township had not presented the Management's Discussion and Analysis information that accounting principles generally accepted in the United States of America have determined is necessary to supplement, although not required to be part of the basic financial statements.

The budgetary comparisons, as listed in the Table of Contents, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information, and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of West Branch, Michigan's basic financial statements. The combining non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basis financial statements. The combining non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



ANDERSON, TACKMAN & COMPANY, PLC
Certified Public Accountants

December 19, 2005

TOWNSHIP OF WEST BRANCH

STATEMENT OF NET ASSETS

June 30, 2005

	Governmental Activities
ASSETS:	
Current assets:	
Cash and equivalents	\$ 39,874
Accounts receivable	551
	<hr/>
Total current assets	40,425
	<hr/>
Noncurrent assets:	
Capital assets not depreciated	143,697
	<hr/>
TOTAL ASSETS	184,122
	<hr/>
LIABILITIES:	
Current liabilities:	
Accrued liabilities	186
	<hr/>
NET ASSETS:	
Invested in capital assets, net of related debt	143,697
Unrestricted	40,239
	<hr/>
TOTAL NET ASSETS	\$ 183,936
	<hr/>

The accompanying notes to the financial statements are an integral part of this statement.





ANDERSON, TACKMAN
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TOWNSHIP OF WEST BRANCH

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2005

	Program Revenue			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
FUNCTIONS/PROGRAMS					
PRIMARY GOVERNMENT:					
Governmental Activities:					
General government	\$ 51,925	\$ 2,874	\$ -	\$ -	\$ (49,051)
Public safety	15,687	-	-	13,700	(1,987)
General public works	5,052	-	-	-	(5,052)
TOTAL PRIMARY GOVERNMENT	\$ 72,664	\$ 2,874	\$ -	\$ 13,700	\$ (56,090)
General Revenues:					
Property taxes					10,472
State revenue sharing					53,513
Unrestricted investment earnings					310
Other					5,528
Total general revenues					69,823
Changes in net assets					13,733
Nets assets, beginning of year					170,203
Net assets, end of year					\$ 183,936

The accompanying notes to the financial statements are an integral part of this statement.

TOWNSHIP OF WEST BRANCH

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2005

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:			
Cash	\$ 36,894	\$ 2,980	\$ 39,874
Accounts receivable	551	-	551
Fixed assets	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 37,445</u>	<u>\$ 2,980</u>	<u>\$ 40,425</u>
LIABILITIES:			
Accrued liabilities	\$ 186	\$ -	\$ 186
FUND BALANCE AND OTHER CREDITS:			
Fund balance:			-
Unreserved	<u>37,259</u>	<u>2,980</u>	<u>40,239</u>
TOTAL LIABILITIES, FUND BALANCE AND OTHER CREDITS	<u>\$ 37,445</u>	<u>\$ 2,980</u>	<u>\$ 40,425</u>

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The accompanying notes to financial statements are an integral part of this statement.

TOWNSHIP OF WEST BRANCH

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
For the Year Ended June 30, 2005**

Total fund balances for governmental funds \$ 40,239

Total net assets reported for governmental activities in the statement
of net assets is different because:

Capital assets used in governmental activities are not financial resources
and therefore are not reported in the funds. Those assets consist of:

Land and building	\$ 96,190
Equipment	<u>47,507</u>

Total capital assets not depreciated	<u>143,697</u>
--------------------------------------	----------------

Total net assets of governmental activities	<u>\$183,936</u>
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ANDERSON, TACKMAN
& COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS



TOWNSHIP OF WEST BRANCH**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2005

	General	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:			
Taxes	\$ 10,472	\$ -	\$ 10,472
State shared revenue	53,513	-	53,513
Interest	310	-	310
Other	21,717	385	22,102
TOTAL REVENUES	86,012	385	86,397
EXPENDITURES:			
Supervisor	5,465	-	5,465
Clerk	5,669	-	5,669
Treasurer	9,081	-	9,081
General government	2,022	-	2,022
Township board	2,825	-	2,825
Town hall	10,658	-	10,658
Board of review	610	-	610
Assessor	7,260	-	7,260
Sanitation	5,052	-	5,052
Liquor law enforcement	-	665	665
Elections	2,164	-	2,164
Public safety	25,577	-	25,577
Zoning board	275	-	275
Miscellaneous	5,781	-	5,781
TOTAL EXPENDITURES	82,439	665	83,104
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,573	(280)	3,293
OTHER FINANCING SOURCES (USES):			
Transfer in	-	2,791	2,791
Transfer out	(2,791)	-	(2,791)
TOTAL OTHER FINANCING SOURCES (USES)	(2,791)	2,791	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	782	2,511	3,293
FUND BALANCE, BEGINNING OF YEAR	36,477	469	36,946
FUND BALANCE, END OF YEAR	\$ 37,259	\$ 2,980	\$ 40,239

The accompanying notes to financial statements are an integral part of this statement.



TOWNSHIP OF WEST BRANCH

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2005

Net changes in fund balances – total governmental funds	\$ 3,293
The change in net assets reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is capitalized and the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	17,440
Undepreciated balance of retired fixed assets	(7,000)
Changes in net assets of governmental activities	<u>\$13,733</u>



TOWNSHIP OF WEST BRANCH
NOTES TO FINANCIAL STATEMENTS
June 30, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The Township of West Branch is a Township located in Dickinson County, Michigan. The Township operates under an elected Board of Trustees.

The accounting policies of the Township of West Branch conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

THE FINANCIAL REPORTING ENTITY

As required by accounting principles generally accepted in the United States of America, the financial statements of the Township of West Branch contain all of the Township's funds. There are no other governmental units within the Township that are controlled by or dependent upon the Township's Board of Trustees. Control by or dependence on the Township was determined on the basis of appointment of the governing body or governing authority budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the Township, obligation of the Township to finance any deficits that may occur, surplus funds, and scope of public service.

BASIS OF PRESENTATION

Government-Wide Financial Statements:

The Statement of Net Assets and Statement of Activities display information about the Township as a whole. They include all funds of the Township except for fiduciary funds. The statements reflect governmental activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

Fund Financial Statements:

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Funds are organized into two major categories: governmental and fiduciary. An emphasis is placed on major funds within the governmental categories. The General Fund is always considered a major fund and the remaining funds of the township are considered major if it meets the following criteria:



TOWNSHIP OF WEST BRANCH
NOTES TO FINANCIAL STATEMENTS

June 30, 2005

(Continued)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION (Continued)

- a. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the Township are described below:

Governmental Funds

General Fund - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes.

Fiduciary Funds

Trust and Agency Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, other governments and other funds. These include expendable and nonexpendable trust, pension trust, and agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus:

On the government-wide Statement of Net Assets and the Statement of Activities, governmental activities are presented using the economic resource measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:



TOWNSHIP OF WEST BRANCH
NOTES TO FINANCIAL STATEMENTS

June 30, 2005

(Continued)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable resources at the end of the period.
- b. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting:

In the government-wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified basis of accountings, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures, including capital outlay, are recorded when the related liability is incurred, except for principal and interest on general long-term debt and accrued compensated absences, which are reported when due.

ASSETS, LIABILITIES AND NET ASSETS/FUND BALANCE

- a. Cash and Equivalents – The Township's cash and cash equivalents as reported in the Statement of Net Assets are considered to be cash on hand, demand deposits and short-term investments with maturities of three months or less.
- b. Receivables – All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectable.
- c. Fixed Assets – The accounting and reporting treatment applied to property plant and equipment depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements:

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. The township does not have a capitalization policy in place.



TOWNSHIP OF WEST BRANCH
NOTES TO FINANCIAL STATEMENTS

June 30, 2005

(Continued)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES AND NET ASSETS/FUND BALANCE (Continued)

Fund Financial Statements:

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide financial statements.

d. Equity Classification

Government-Wide Statements:

Equity is classified as net assets and displayed in two components:

1. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
2. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated, if appropriate.

REVENUES AND EXPENDITURES/EXPENSES

Revenues:

Government-Wide Statements:

In the government-wide Statement of Activities, revenues are segregated by activity (governmental), and are classified as either a program revenue or a general revenue. Program revenues include charges to customers or applicants for goods or services, operating grants and contributions and capital grants and contributions. General revenues include all revenues which do not meet the criteria of program revenues and include revenues such as property taxes, state revenue sharing payments and interest earnings.



TOWNSHIP OF WEST BRANCH
NOTES TO FINANCIAL STATEMENTS

June 30, 2005

(Continued)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

REVENUES AND EXPENDITURES/EXPENSES (Continued)

Fund Statements:

In the governmental fund statements revenues are reported by source, such as federal sources, state sources and taxes. Revenues consist of general purpose revenues and restricted revenues. General purpose revenues are available to fund any activity reported in that fund, while restricted revenues are available for a specific purpose or activity and the restrictions are typically required by law or a grantor agency.

Expenses/Expenditures:

Government-Wide Statements:

In the government-wide Statement of Activities, expenses are segregated by activity (governmental), and are classified by function.

Fund Statements:

In the governmental fund financial statements expenditures are classified by function.

Other Financing Sources (Uses):

The transfers of cash between the various Township funds are budgeted but reported separately from revenues and expenditures as operating transfers in or (out), unless they represent temporary advances to be repaid, in which case, they are carried as assets and liabilities of the advancing or borrowing funds.

OTHER SIGNIFICANT ACCOUNTING POLICIES

Interfund Activity:

As a general rule, the effect of interfund activity has been eliminated from the government-wide statements.

In the fund financial statements, transfers represent flows of assets without equivalent flows of assets in return or a requirement for repayment.

Interfund receivables and payables have been eliminated from the Statement of Net Assets.



TOWNSHIP OF WEST BRANCH
NOTES TO FINANCIAL STATEMENTS

June 30, 2005

(Continued)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BUDGETARY DATA

The Township follows these procedures in establishing the budgetary data.

- a. Each May, the Township Supervisor prepares a proposed operating budget for the fiscal year commencing the following July 1, and submits this proposed budget to the Township Board of Trustees at the regular June meeting.
- b. The Township Board reviews the proposed budget, which includes proposed expenditures and the means of financing them.
- c. Pursuant to the statute, the proposed budget as approved by the Board, is submitted to the Township at a public hearing, at which time public comment is invited. The final budget is formally adopted at the next board meeting.
- d. The Board reviews the budget quarterly during the fiscal year and makes formal amendments when appropriate.
- e. Budget appropriations lapse at the end of the fiscal year.

The budget for the year ended June 30, 2005 was formally adopted by action of the Board of Trustees on June 7, 2004 and was amended on March 7, 2005 and June 6, 2005. A comparison of actual results of operations to the budgeted amounts for the General fund is presented as Required Supplemental Information.

PROPERTY TAXES

Property taxes are levied on assessed values of property located in the Township and become an enforceable lien on the property. Assessed values are established annually on December 31 and equalized by the State. Township property taxes are levied on July 1, and are payable without a penalty through September 15. All unpaid taxes become delinquent on March 1 of the following year. Property taxes are recognized as revenue in the year for which levied, in accordance with NCGA Interpretation 3 (Revenue Recognition - Property Taxes).

The Township collects its own current property taxes. Delinquent taxes are collected by Dickinson County and one payment made to the Township for all delinquents as of March 1 from a tax revolving fund.



TOWNSHIP OF WEST BRANCH
NOTES TO FINANCIAL STATEMENTS

June 30, 2005
(Continued)

NOTE B - CASH

Cash and Equivalents

The Township's cash and equivalents, as reported in the Statement of Net Assets, consisted of the following:

Checking accounts	<u>\$39,874</u>
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Custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. State law does not require and the Township does not have a policy for deposit custodial credit risk. As of June 30, 2005, the Township's checking accounts were not exposed to credit risk because they were fully insured.

NOTE C - CAPITAL ASSETS NOT BEING DEPRECIATED

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. Fixed asset activity for the year ended June 30, 2005 was as follows:

	July 1, 2004	<u>Cost</u> Additions	Deletions	June 30, 2005
Land and buildings	\$ 96,190	\$ -	\$ -	\$ 96,190
Equipment	<u>37,064</u>	<u>17,440</u>	<u>(7,000)</u>	<u>47,507</u>
Total Cost	<u>\$ 133,257</u>	<u>\$ 17,440</u>	<u>\$ (7,000)</u>	<u>\$ 143,697</u>

NOTE D - INTERFUND TRANSFERS

During the course of normal operations, the Township has transactions between funds. Such transactions are generally reflected as transfers in the various funds' financial statements.

In the fund financial statement, interfund transfers for the year ended June 30, 2005 were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Fund</u>	<u>Transfer Out</u>
Nonmajor Governmental	<u>\$2,791</u>	General Fund	<u>\$2,791</u>

ANDERSON, TACKMAN
& COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS



TOWNSHIP OF WEST BRANCH
NOTES TO FINANCIAL STATEMENTS

June 30, 2005
(Continued)

NOTE E - USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ANDERSON, TACKMAN
& COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS





REQUIRED
SUPPLEMENTAL
INFORMATION

TOWNSHIP OF WEST BRANCH**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
GENERAL FUND**

For the Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>
			<u>(Note 1)</u>
REVENUES:			
Taxes	\$ 9,000	\$ 9,000	\$ 10,472
State shared revenue	53,000	53,000	53,513
Interest	-	-	310
Other	10,270	10,270	21,717
TOTAL REVENUES	72,270	72,270	86,012
EXPENDITURES:			
Supervisor	5,400	5,400	5,465
Clerk	5,500	5,725	5,669
Treasurer	9,100	9,100	9,081
General government	2,250	2,250	2,022
Township board	3,000	3,000	2,825
Town hall	11,500	10,300	10,658
Board of review	850	625	610
Assessor	7,300	7,300	7,260
Sanitation	5,000	5,000	5,052
Elections	1,400	2,200	2,164
Public safety	12,500	13,500	25,577
Zoning board	400	400	275
Miscellaneous	6,000	5,000	5,781
TOTAL EXPENDITURES	70,200	69,800	82,439
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,070	2,470	3,573
OTHER FINANCING SOURCES (USES):			
Transfer in	-	-	-
Transfer out	(4,848)	(4,848)	(2,791)
TOTAL OTHER FINANCING SOURCES (USES)	(4,848)	(4,848)	(2,791)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(2,778)	(2,378)	782
FUND BALANCE, BEGINNING OF YEAR	36,477	36,477	36,477
FUND BALANCE, END OF YEAR	\$ 33,699	\$ 34,099	\$ 37,259

The accompanying notes to financial statements are an integral part of this statement.





OTHER REPORTS

TOWNSHIP OF WEST BRANCH

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2005

	<u>Liquor Law Enforcement</u>	<u>Budget Stabilization</u>	<u>Revolving Improvement</u>	<u>Road Improvement</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS:					
Cash	<u>\$ 24</u>	<u>\$ 88</u>	<u>\$ 1,780</u>	<u>\$ 1,088</u>	<u>\$ 2,980</u>
FUND BALANCE:					
Fund balance:					
Unreserved	<u>\$ 24</u>	<u>\$ 88</u>	<u>\$ 1,780</u>	<u>\$ 1,088</u>	<u>\$ 2,980</u>

ANDERSON, TACKMAN
& COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS



The accompanying notes to financial statements are an integral part of this statement.

TOWNSHIP OF WEST BRANCH

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2005

	<u>Liquor Law Enforcement</u>	<u>Budget Stabilization</u>
REVENUES:		
Other	<u>\$ 385</u>	<u>\$ -</u>
EXPENDITURES:		
Salary	640	-
Supplies	<u>25</u>	<u>-</u>
TOTAL EXPENDITURES	<u>665</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(280)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):		
Transfer in	<u>150</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(130)</u>	<u>-</u>
FUND BALANCE, BEGINNING OF YEAR	<u>154</u>	<u>88</u>
FUND BALANCE, END OF YEAR	<u>\$ 24</u>	<u>\$ 88</u>



**ANDERSON, TACKMAN
& COMPANY, P.L.C.**
CERTIFIED PUBLIC ACCOUNTANTS

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<u>Revolving Improvement</u>	<u>Road Improvement</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ 385
-	-	640
-	-	25
-	-	665
-	-	(280)
<u>1,724</u>	<u>917</u>	<u>2,791</u>
1,724	917	2,511
<u>56</u>	<u>171</u>	<u>469</u>
<u>\$ 1,780</u>	<u>\$ 1,088</u>	<u>\$ 2,980</u>

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Township Board
Township of West Branch
Ralph, Michigan

We have audited the financial statements of the Township of West Branch as of and for the year ended June 30, 2005, and have issued our report thereon dated December 19, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Township of West Branch's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Township of West Branch, in a separate letter dated December 19, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Township of West Branch's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



ANDERSON, TACKMAN & COMPANY, PLLC
Certified Public Accountants

Iron Mountain, Michigan
December 19, 2005

ANDERSON, TACKMAN
& COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

